



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of )

ZURICH AMERICAN INSURANCE )  
COMPANY; AMERICAN ZURICH )  
INSURANCE COMPANY; ASSURANCE )  
COMPANY OF AMERICA; FIDELITY AND )  
DEPOSIT COMPANY OF MARYLAND; )  
MARYLAND CASUALTY COMPANY; )  
MAINE BONDING AND CASUALTY )  
COMPANY; NORTHERN INSURANCE )  
COMPANY OF NEW YORK; )  
VALIANT INSURANCE COMPANY )

Authorized Insurers. )  
\_\_\_\_\_ )

Order No. D07-297

**CONSENT ORDER  
LEVYING A FINE**

**COMES NOW** the Insurance Commissioner of the State of Washington, pursuant to the authority provided in RCW 48.01.020, RCW 48.02.080, and RCW 48.05.185, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following Findings of Fact and Conclusions of Law:

**FINDINGS OF FACT:**

1. Zurich American Insurance Company and its above-captioned affiliates (collectively "Zurich" or "the Company") are authorized insurers writing property, casualty, vehicle, marine surety, and disability insurance in Washington.
2. The Office of the Insurance Commissioner ("OIC") conducted a market conduct examination of Zurich covering the time period between January 1, 2005 and December 31, 2005.
3. The market conduct examination of Zurich was adopted by the Insurance Commissioner by Order Adopting Report of Market Conduct Examination, Order No. G07-1, entered January 18, 2007, which Order is final.
4. The market conduct examiners found that Zurich had sent an "Acknowledgement of Claim" letter to insureds following every claim that was reported to the direct reporting call



center. The letter was written on generic Zurich letterhead and did not identify the actual insurer. In total, approximately 5,800 of these "Acknowledgement of Claim" letters were used by Zurich.

5. The market conduct examiners found that seven (7) claims files contained correspondence that did not identify the actual insurer on the forms or correspondence.

6. The market conduct examiners found that one (1) claim file contained copies of settlement checks that did not identify the actual insurer.

### **CONCLUSIONS OF LAW:**

1. Zurich committed the following violations of Washington law:
  - a. By failing to clearly identify the name of the insuring company in "Acknowledgement of Claim" letters sent to insureds for every claim that was reported to the direct reporting call center, Zurich violated RCW 48.05.190(1).
  - b. By failing to clearly identify the name of the insuring company in correspondence, Zurich violated RCW 48.05.190(1).
  - c. By using settlement checks that did not identify the actual insurer, Zurich violated RCW 48.05.190(1).
2. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a company's license.

### **CONSENT TO ORDER:**

Zurich, acknowledging its duty to comply fully with the applicable laws of the State of Washington, consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of the Company's payment of a fine and upon such terms and conditions as are set forth below.

1. Zurich consents to the entry of the Order and waives further administrative or judicial challenge to the Office of the Insurance Commissioner's actions related to the subject matter of the Order;
2. Within thirty (30) days of the entry of this Order, Zurich agrees to pay to the Office of the Insurance Commissioner a fine in the amount of \$5,000.00 (Five Thousand Dollars); and

3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of Zurich's Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the Commissioner by the Attorney General.

EXECUTED and AGREED this 26th day of September, 2007.

ZURICH AMERICAN INSURANCE  
COMPANY AND AFFILIATES

By: 

Printed Name: Mark Lechowicz

Typed Corporate Title: VP of Compliance

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby Orders as follows:

**ORDER OF THE INSURANCE COMMISSIONER:**

1. Zurich is ordered to pay a fine in the amount of \$5,000.00 (Five Thousand Dollars).
2. Zurich's failure to pay the fine within the time limit set forth above shall constitute grounds for the Company's Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the Commissioner by the Attorney General.

Executed this 28<sup>th</sup> day of SEPTEMBER, 2007.

MIKE KREIDLER  
Insurance Commissioner

By: 

**Thomas P. Rowland**  
Staff Attorney  
Legal Affairs Division